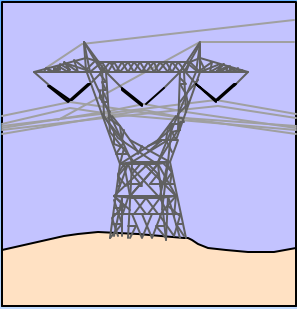




TransConnect, LLC

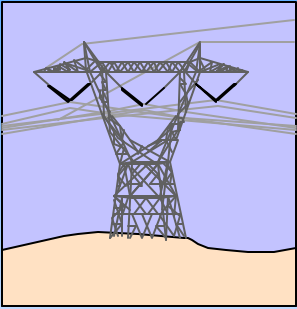
FERC 9-23-02 ORDER Summary

October 3, 2002



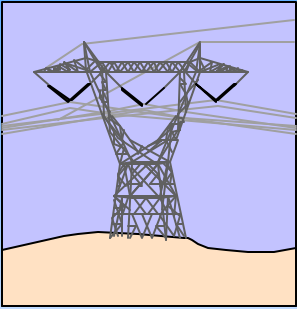
Rates

- Does not set anything for hearing and makes a only a few definitive rulings. It does provide guidance on what should be included in TransConnect's final innovative rate proposal.
- -- It directs TransConnect to establish performance benchmarks for A&G and O&M, in consultation with stakeholders, during the first year of operation, before submitting final innovative rates.
- -- It requires the cost savings of consolidated operations to be removed from A&G and rejects without prejudice the O&M index until it has operating experience.
- -- It rejects the proposed ROE and incentives for new transmission (e.g. the 200 basis point adder and accelerated depreciation) at this time and points to the new policy established by the Commission in its 9/19 MISO order (which gave MISO a 50 basis point adder) for guidance for future filings.
- -- The order accepts the 5-year rate moratorium, including the right to file for incremental additions in net plant.



PLANNING

- The order generally accepts the proposed Transmission Planning and Expansion Protocol, noting that, operating in conjunction with the RTO West Proposal, it meets the Order No. 2000 requirements, as long as RTO West has "ultimate responsibility for both transmission planning and expansion within its region." The few modifications are noted below.
- -- The order requires a longer time period than 60 days (or in accord with the RTO process for review) for RTO review of projects.
- -- TransConnect must make confidential data available to the RTO if necessary for the RTO's planning and expansion duties, or to FERC if FERC requests it.
- -- The order rejects the TransConnect proposal that it be permitted to match the lowest bid for proposed transmission projects.



Other items

- **Governance:** The order finds the proposed revisions to TransConnect's LLC Operating Agreement that would permit non-divesting entities to turn over facilities to TransConnect for management would not impair TransConnect's independence.
- **Compliance Filing:** The order accepted the compliance changes that were made to modify governance provisions in accord with the Commission's order on the Stage 1 filing.
- **Procedural Rulings:** The order didn't set anything for hearing or technical conference, and once again rejected motions to consolidate the TransConnect and RTO West proceedings